

# Division of Financial Management

Analyst: Freeman

## Historical Summary

| <b>OPERATING BUDGET</b>         | <b>FY 2000<br/>Actual</b> | <b>FY 2001<br/>Actual</b> | <b>FY 2002<br/>Approp</b> | <b>FY 2003<br/>Request</b> | <b>FY 2003<br/>Gov Rec</b> |
|---------------------------------|---------------------------|---------------------------|---------------------------|----------------------------|----------------------------|
| <b>BY PROGRAM</b>               |                           |                           |                           |                            |                            |
| Financial Management            | 2,007,800                 | 2,075,100                 | 2,325,600                 | 2,352,100                  | 2,149,200                  |
| Silver Valley Trust             | 467,200                   | 642,300                   | 763,600                   | 0                          | 0                          |
| <b>Total:</b>                   | <b>2,475,000</b>          | <b>2,717,400</b>          | <b>3,089,200</b>          | <b>2,352,100</b>           | <b>2,149,200</b>           |
| <b>BY FUND CATEGORY</b>         |                           |                           |                           |                            |                            |
| General                         | 1,988,600                 | 2,050,600                 | 2,294,800                 | 2,321,000                  | 2,118,400                  |
| Dedicated                       | 486,400                   | 666,800                   | 794,400                   | 31,100                     | 30,800                     |
| <b>Total:</b>                   | <b>2,475,000</b>          | <b>2,717,400</b>          | <b>3,089,200</b>          | <b>2,352,100</b>           | <b>2,149,200</b>           |
| Percent Change:                 |                           | 9.8%                      | 13.7%                     | (23.9%)                    | (30.4%)                    |
| <b>BY OBJECT OF EXPENDITURE</b> |                           |                           |                           |                            |                            |
| Personnel Costs                 | 1,727,500                 | 1,610,900                 | 2,056,400                 | 2,015,600                  | 1,898,800                  |
| Operating Expenditures          | 544,300                   | 555,600                   | 658,200                   | 314,000                    | 250,400                    |
| Capital Outlay                  | 44,000                    | 116,600                   | 24,600                    | 22,500                     | 0                          |
| Trustee/Benefit                 | 159,200                   | 434,300                   | 350,000                   | 0                          | 0                          |
| <b>Total:</b>                   | <b>2,475,000</b>          | <b>2,717,400</b>          | <b>3,089,200</b>          | <b>2,352,100</b>           | <b>2,149,200</b>           |
| Full-Time Positions (FTP)       | 25.00                     | 26.00                     | 26.00                     | 25.00                      | 25.00                      |

## Division Description

### FINANCIAL MANAGEMENT

The mission of this program is to ensure that state government works effectively for Idaho citizens. This is accomplished by supporting the Governor's vision of short and long-term policies through effective resource allocation. Financial Management seeks to improve agency service delivery at the point of citizen impact by developing, monitoring, and publicizing performance outcomes, facilitating the development of the Executive Budget recommendation, and providing a proactive policy resource for the Governor to shape Idaho's future. Financial Management consists of four main administrative units: Budget Analysis, Policy Analysis, Economic Analysis and Management Services.

### SILVER VALLEY TRUST

This program was set up in FY 1996 to administer the Silver Valley Trust Fund and to undertake and complete the environmental remediation projects in accordance with the trust fund settlement agreement between the State of Idaho and various mining companies. The agreement requires the funds to be spent on environment remediation activities in the Silver Valley located in Shoshone County. This includes various projects involving water quality improvement and contamination source control. The program sunsets in fiscal year 2002.

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## Comparative Summary

| Decision Unit                         | AGENCY REQUEST   |                  | GOVERNOR'S REC   |                  |
|---------------------------------------|------------------|------------------|------------------|------------------|
|                                       | General          | Total            | General          | Total            |
| <b>FY 2002 Original Appropriation</b> | <b>2,294,800</b> | <b>3,089,200</b> | <b>2,294,800</b> | <b>3,089,200</b> |
| Holdback/Neg. Supp                    | (68,100)         | (68,100)         | (68,100)         | (68,100)         |
| <b>FY 2002 Total Appropriation</b>    | <b>2,226,700</b> | <b>3,021,100</b> | <b>2,226,700</b> | <b>3,021,100</b> |
| Removal of One-Time Expenditures      | (24,600)         | (524,600)        | (24,600)         | (524,600)        |
| Base Adjustments                      | 0                | (263,600)        | 0                | (263,600)        |
| Restore Holdback/Neg. Supp            | 68,100           | 68,100           | 68,100           | 68,100           |
| Permanent Base Reduction              | 0                | 0                | (156,200)        | (156,200)        |
| <b>FY 2003 Base</b>                   | <b>2,270,200</b> | <b>2,301,000</b> | <b>2,114,000</b> | <b>2,144,800</b> |
| Personnel Cost Rollups                | 6,000            | 6,000            | 6,000            | 6,000            |
| Inflationary Adjustments              | 4,000            | 4,100            | 0                | 0                |
| Replacement Items                     | 22,500           | 22,500           | 0                | 0                |
| Nonstandard Adjustments               | 1,500            | 1,700            | (1,600)          | (1,600)          |
| Change in Employee Compensation       | 16,800           | 16,800           | 0                | 0                |
| <b>FY 2003 Program Maintenance</b>    | <b>2,321,000</b> | <b>2,352,100</b> | <b>2,118,400</b> | <b>2,149,200</b> |
| 1. Transfer Cash Balance to DEQ       | 0                | 0                | 0                | 0                |
| <b>FY 2003 Total</b>                  | <b>2,321,000</b> | <b>2,352,100</b> | <b>2,118,400</b> | <b>2,149,200</b> |
| Change from Original Appropriation    | 26,200           | (737,100)        | (176,400)        | (940,000)        |
| % Change from Original Appropriation  | 1.1%             | (23.9%)          | (7.7%)           | (30.4%)          |
| Change in FTP's                       |                  | (1.00)           |                  | (1.00)           |

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| Budget by Decision Unit                                                                                                                                                                                                                                                                               | FTP    | General   | Dedicated | Federal | Total     |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------|-----------|-----------|---------|-----------|
| <b>FY 2002 Original Appropriation</b>                                                                                                                                                                                                                                                                 |        |           |           |         |           |
|                                                                                                                                                                                                                                                                                                       | 26.00  | 2,294,800 | 794,400   | 0       | 3,089,200 |
| <b>Holdback/Neg. Supp</b>                                                                                                                                                                                                                                                                             |        |           |           |         |           |
| The holdback plan includes 58,100 in personnel costs and \$10,000 in operating expenses.                                                                                                                                                                                                              |        |           |           |         |           |
| Agency Request                                                                                                                                                                                                                                                                                        | 0.00   | (68,100)  | 0         | 0       | (68,100)  |
| Governor's Recommendation                                                                                                                                                                                                                                                                             | 0.00   | (68,100)  | 0         | 0       | (68,100)  |
| <b>FY 2002 Total Appropriation</b>                                                                                                                                                                                                                                                                    |        |           |           |         |           |
| Agency Request                                                                                                                                                                                                                                                                                        | 26.00  | 2,226,700 | 794,400   | 0       | 3,021,100 |
| Governor's Recommendation                                                                                                                                                                                                                                                                             | 26.00  | 2,226,700 | 794,400   | 0       | 3,021,100 |
| <b>Removal of One-Time Expenditures</b>                                                                                                                                                                                                                                                               |        |           |           |         |           |
| Remove funding provided for one-time items.                                                                                                                                                                                                                                                           |        |           |           |         |           |
| Agency Request                                                                                                                                                                                                                                                                                        | 0.00   | (24,600)  | (500,000) | 0       | (524,600) |
| Governor's Recommendation                                                                                                                                                                                                                                                                             | 0.00   | (24,600)  | (500,000) | 0       | (524,600) |
| <b>Base Adjustments</b>                                                                                                                                                                                                                                                                               |        |           |           |         |           |
| Fiscal year 2002 is the final year of the Silver Valley Trust. As such, this decision unit reduces the Silver Valley Trust base to zero.                                                                                                                                                              |        |           |           |         |           |
| Agency Request                                                                                                                                                                                                                                                                                        | (1.00) | 0         | (263,600) | 0       | (263,600) |
| Governor's Recommendation                                                                                                                                                                                                                                                                             | (1.00) | 0         | (263,600) | 0       | (263,600) |
| <b>Restore Holdback/Neg. Supp</b>                                                                                                                                                                                                                                                                     |        |           |           |         |           |
| Agency Request                                                                                                                                                                                                                                                                                        | 0.00   | 68,100    | 0         | 0       | 68,100    |
| Governor's Recommendation                                                                                                                                                                                                                                                                             | 0.00   | 68,100    | 0         | 0       | 68,100    |
| <b>Permanent Base Reduction</b>                                                                                                                                                                                                                                                                       |        |           |           |         |           |
| Agency Request                                                                                                                                                                                                                                                                                        | 0.00   | 0         | 0         | 0       | 0         |
| Permanent reductions in agency base budgets are made to accommodate limited General Fund revenue for fiscal year 2003. Reductions will be accommodated through program consolidations, expenditure management, and other program changes that realign funding availability with program requirements. |        |           |           |         |           |
| Governor's Recommendation                                                                                                                                                                                                                                                                             | 0.00   | (156,200) | 0         | 0       | (156,200) |
| <b>FY 2003 Base</b>                                                                                                                                                                                                                                                                                   |        |           |           |         |           |
| Agency Request                                                                                                                                                                                                                                                                                        | 25.00  | 2,270,200 | 30,800    | 0       | 2,301,000 |
| Governor's Recommendation                                                                                                                                                                                                                                                                             | 25.00  | 2,114,000 | 30,800    | 0       | 2,144,800 |
| <b>Personnel Cost Rollups</b>                                                                                                                                                                                                                                                                         |        |           |           |         |           |
| Includes the employer portion of estimated changes in employee benefit costs.                                                                                                                                                                                                                         |        |           |           |         |           |
| Agency Request                                                                                                                                                                                                                                                                                        | 0.00   | 6,000     | 0         | 0       | 6,000     |
| Governor's Recommendation                                                                                                                                                                                                                                                                             | 0.00   | 6,000     | 0         | 0       | 6,000     |
| <b>Inflationary Adjustments</b>                                                                                                                                                                                                                                                                       |        |           |           |         |           |
| Includes a general inflationary increase of 1.7% in operating expenditures.                                                                                                                                                                                                                           |        |           |           |         |           |
| Agency Request                                                                                                                                                                                                                                                                                        | 0.00   | 4,000     | 100       | 0       | 4,100     |
| The Governor recommends no increase for inflation.                                                                                                                                                                                                                                                    |        |           |           |         |           |
| Governor's Recommendation                                                                                                                                                                                                                                                                             | 0.00   | 0         | 0         | 0       | 0         |

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| Budget by Decision Unit                                   | FTP  | General | Dedicated | Federal | Total  |
|-----------------------------------------------------------|------|---------|-----------|---------|--------|
| <b>Replacement Items</b>                                  |      |         |           |         |        |
| Replacement capital outlay: three servers (\$7,500 each). |      |         |           |         |        |
| Agency Request                                            | 0.00 | 22,500  | 0         | 0       | 22,500 |
| Governor's Recommendation                                 | 0.00 | 0       | 0         | 0       | 0      |

|                                                                                     |      |         |     |   |         |
|-------------------------------------------------------------------------------------|------|---------|-----|---|---------|
| <b>Nonstandard Adjustments</b>                                                      |      |         |     |   |         |
| Reflects increases in building services space charges.                              |      |         |     |   |         |
| Agency Request                                                                      | 0.00 | 1,500   | 200 | 0 | 1,700   |
| The Governor recommends no adjustment to building space charges for state agencies. |      |         |     |   |         |
| Governor's Recommendation                                                           | 0.00 | (1,600) | 0   | 0 | (1,600) |

|                                                                                               |      |        |   |   |        |
|-----------------------------------------------------------------------------------------------|------|--------|---|---|--------|
| <b>Change in Employee Compensation</b>                                                        |      |        |   |   |        |
| Reflects the cost of a 1% salary increase for permanent and group positions.                  |      |        |   |   |        |
| Agency Request                                                                                | 0.00 | 16,800 | 0 | 0 | 16,800 |
| The Governor recommends state employee compensation increases to be made from salary savings. |      |        |   |   |        |
| Governor's Recommendation                                                                     | 0.00 | 0      | 0 | 0 | 0      |

|                                    |       |           |        |   |           |
|------------------------------------|-------|-----------|--------|---|-----------|
| <b>FY 2003 Program Maintenance</b> |       |           |        |   |           |
| Agency Request                     | 25.00 | 2,321,000 | 31,100 | 0 | 2,352,100 |
| Governor's Recommendation          | 25.00 | 2,118,400 | 30,800 | 0 | 2,149,200 |

## 1. Transfer Cash Balance to DEQ

The Silver Valley Trustees request that the cash balance in the Silver Valley Trust Natural Resource Restoration fund be transferred to the Environmental Remediation fund within the Department of Environmental Quality to pay for operation and maintenance of the Success Mine site.

Statutory language to effect transfer: "The State Controller is hereby directed to transfer, on June 28, 2002, any remaining unencumbered cash balance in the Natural Resource Restoration fund (0310) to the Environmental Remediation fund (0201)."

|                           |      |   |   |   |   |
|---------------------------|------|---|---|---|---|
| Agency Request            | 0.00 | 0 | 0 | 0 | 0 |
| Governor's Recommendation | 0.00 | 0 | 0 | 0 | 0 |

|                           |       |           |        |   |           |
|---------------------------|-------|-----------|--------|---|-----------|
| <b>FY 2003 Total</b>      |       |           |        |   |           |
| Agency Request            | 25.00 | 2,321,000 | 31,100 | 0 | 2,352,100 |
| Governor's Recommendation | 25.00 | 2,118,400 | 30,800 | 0 | 2,149,200 |

|                            |        |           |           |   |           |
|----------------------------|--------|-----------|-----------|---|-----------|
| Agency Request             |        |           |           |   |           |
| Change from Original App   | (1.00) | 26,200    | (763,300) | 0 | (737,100) |
| % Change from Original App | (3.8%) | 1.1%      | (96.1%)   |   | (23.9%)   |
| Governor's Recommendation  |        |           |           |   |           |
| Change from Original App   | (1.00) | (176,400) | (763,600) | 0 | (940,000) |
| % Change from Original App | (3.8%) | (7.7%)    | (96.1%)   |   | (30.4%)   |

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## Issues Information

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### Division of Financial Management

